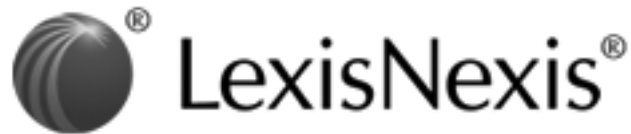


Exhibit 21



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HEADLINE: CAN ARAFAT SWITCH OFF TERROR?

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BODY:

The Palestinian leader, in Israel's view, can either take on Hamas, or watch peace gains evaporate

AFTER THE FIRST BOMBING on Jerusalem's No. 18 bus a year ago, army Chief of Staff Amnon Shahak headed for the Erez Check-point, at the edge of the Gaza Strip, for a tense meeting with Yasser Arafat. Shahak handed Arafat a list of Hamas and Islamic Jihad leaders operating in the areas under Palestinian Authority control - and demanded they be tracked down. For the peace process to go on, he said, Arafat had to smash the fundamentalist groups.

Arafat listened, and did nothing. A week later another suicide bomber hit the same bus route; the next day, yet another bomber struck at Dizengoff Center in Tel Aviv. Only then did Arafat crack down, realizing the bombings threatened the peace process - and showed a rise in fundamentalist strength that threatened him as well.

A year later, on March 21, another suicide bomber struck the packed Cafe Apropos in downtown Tel Aviv, killing three women and injuring 40 people. Once again, Arafat has been presented with a list of fundamentalists Israel wants off the streets. Again, he has been told that if he does not wipe out terror cells, there will be no peace process.

Again, though, he has been reluctant to act. Instead, he exasperated Israeli leaders by flying off for a tour of South Asia, even offering his services as a mediator in the conflict between the Sri Lankan government and rebel Tamils - as Israeli security officials warned of further bombings. And Muhammad Dahlan, security chief in the Gaza Strip, said that security cooperation with Israel had been stopped "as a result of the Israeli violations of the agreements and of the continued establishment of settlements."

That comment only underlined Israeli suspicions that Arafat was tacitly using terror to protest recent Israeli moves - especially the start of work on the 6,500-unit housing project at Har Homah in East Jerusalem and the offer of much less land than the Palestinians were demanding in the first of three West Bank withdrawals.

The Apropos bombing raised three crucial questions:

1. Did Arafat indeed give a "green light" to terror, as Prime Minister Benjamin Netanyahu said after the blast?

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Both Shahak and military intelligence chief Moshe Ya'alon publicly backed Netanyahu's accusation. They say Hamas and the Islamic Jihad were led to believe that they had Arafat's go-ahead to act. Several days after the attack, Ya'alon said "terror organizations still have a green light to carry out attacks, and in their understanding, it was given by Arafat."

Security sources point to a March 9 night meeting between Arafat and Hamas leaders, held after a long break. They also note the release of Hamas activists from Gaza jails, and Hamas rallies in Nablus and Khan Yunis, which they say must have had Arafat's approval. Those freed included Ibrahim Makadme, a top member of Hamas's military wing.

Makadme's release, says Likud Knesset Member Gideon Ezra, a former deputy head of the Shin Bet security service, "is more than a green light. He's from the military wing. These are hints thicker than an elephant's skin."

Former Shin Bet chief Ya'akov Peri is more cautious. "From my experience," he says, "Arafat was always careful not to give direct orders - neither for bomb attacks nor for foiling attacks. The chief of staff and head of military intelligence spoke of the Islamic organizations reaching an understanding that Arafat was not opposed to them acting. That's not the same as giving orders." Still, Peri says Arafat bears "direct blame" for letting up on the fundamentalists. The year-long hiatus in bombings, he says, came largely as a result of "intensive" steps taken by Arafat's security chiefs.

Another former top security man, speaking on condition of anonymity, warns that putting all the blame on Arafat has a price. "You can't, at the same time that you're accusing Arafat, run to have a meeting with Palestinian security. You look silly. And you won't achieve cooperation." Such meetings indeed took place after the blast: Only hours later, Israeli security chiefs met their Palestinian counterparts, and Internal Security Minister Avigdor Kahalani soon met Palestinian West Bank security head Jibril Rajoub.

2. If Arafat did switch terror back on, is he able to switch it off?

Netanyahu - as Rabin did before him - paints Arafat as almost all-powerful, able to smash Hamas when he chooses and snuff out terror.

It's a view Gideon Ezra promotes. Arafat cannot stop terror "hermetically," he concedes, but he insists "it's easy for Arafat to collect intelligence on the ground." While Arafat may not know the exact day on which a suicide bomber plans to act, he can find out about Hamas cells organizing attacks and hand Israel the information. "We cannot accept a situation where the Palestinians are sitting safely at home in Khan Yunis," Ezra says, "while we're not safe in our own homes here in Israel."

But Carmi Gillon, another ex-Shin Bet chief, raises questions about Arafat's capacity to suppress Hamas completely. The fundamentalist movement, he says, has a wide social base - rooted in mosques, day schools and clinics - and is backed by 20 percent of the Palestinians.

The hopes on the Israeli side, that because Arafat is not a "flaming democrat" he'd take draconian measures against any internal opposition, were exaggerated, says Gillon.

He points to the clashes at the Palestine Mosque in Gaza in 1994, when Palestinian police opened fire on a crowd of worshipers, killing about 20. Some policemen were also killed in the clash. "Arafat learned a lesson," says Gillon, "about the limits of power."

Reuven Paz, a Haifa University expert on Islamic movements and on Palestinian society, says Israeli leaders mistakenly see Arafat "too much like Mubarak and Hussein" who have strong centralized control and are able to "overcome public opinion in their countries. The Palestinians, maybe because of 30 years of interaction with Israel, have developed patterns of democracy."

3. Has Arafat abandoned peace?

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As anti-terror cooperation between Israel and the Palestinian Authority falters, Israeli security chiefs have warned of more attacks. What's more, some experts stress that Musa Ghanimat, who blew himself up at Apropos, doesn't fit the classic bomber profile - a possible sign that the pool of suicide candidates is widening.

While Ghanimat, from Surif in the West Bank, was a Hamas supporter, he wasn't a young bachelor. Rather, he was married with four children. Most Islamic religious rulings that permit such suicides, says Paz, emphasize that the perpetrator "not be a person who has dependants."

What's more, Ghanimat worked for several years in Israeli restaurants, where liquor is served. Most fundamentalists, says Paz, avoid this. It may be a sign, says Paz cautiously, "of the widening of the suicide phenomenon beyond the Hamas hard core. The background to the incident, at least formally, is Jerusalem. This issue doesn't just touch Hamas, but all of Palestinian society." Still, Paz does not rule out the possibility that Ghanimat was an unwitting victim of his own bomb - that he might have been falsely led to believe a timing device would enable him to escape.

Paz speculates that Arafat's strategy may be to employ terror as one means to chip away at the Israeli consensus that Jerusalem should remain undivided. "It's harder and harder for the Israeli public to deal with terror," says Paz, "and maybe the thinking is that they will agree to leave (part of) Jerusalem because of terror."

That's playing with fire. Shahak has warned that "if armed Palestinians participate in the disturbances, it won't be an Intifada but a war."

But Peri insists it's too early to say Arafat has abandoned peace. It could be, he says, that Arafat is trying to show Israel that the danger of a renewed Intifada and of terror still exists. "But there's still a big difference between this and all-out war."

The Palestinians, says Peri, know the peace process will fall apart if terror goes on and they won't be able to achieve their goal of a Palestinian state. "In the end, they have to decide: They can act against Hamas. Or they run the risk of Israel, justifiably, stopping the peace process." Which leaves one more, fateful, question: Does Yasser Arafat know how close he is to the brink?

GRAPHIC: DEVASTATION: Cafe Apropos minutes after the blast WHERE'S THE MOTHER?: Shani Vinter-Rosen in a policewoman's arms

LOAD-DATE: November 10, 1999